

# Quarterly UPDATE

## Connecticut Partnership for Long-Term Care

July - September 2009



### CONNECTICUT JOINS RECIPROCITY COMPACT

On March 27, 2009, Connecticut received approval from the federal government to join the National Reciprocity Compact for the granting of Medicaid Asset Protection for states with Partnership for Long-Term Care programs. The approval is retroactive to January 1, 2009. **However, all Connecticut Partnership policyholders are covered under the Reciprocity Compact, regardless of when they purchased their Partnership policy.**

Under the terms of the Reciprocity Compact, Connecticut Partnership policyholders who relocate to another state may be eligible to receive dollar-for-dollar Medicaid Asset Protection just as they would when they apply to Connecticut's Medicaid program. Two conditions must be met for a policyholder to be eligible for reciprocity in another state: (1) the policyholder must apply to and qualify under the other state's Medicaid program; and (2) at the time the policyholder applies to the other state's Medicaid program, Connecticut and the other state must be members of the Reciprocity Compact or Connecticut must have a separate reciprocal agreement with that state for the granting of Medicaid Asset Protection.

The Reciprocity Compact requires that any state participating in the Compact must agree to engage in reciprocity with every other state in the Compact for the purpose of granting dollar-for-dollar Medicaid Asset Protection. In addition, the original reciprocity agreement between Connecticut and Indiana remains in effect.

For a list of states currently participating in the Reciprocity Compact, go to the following website - <http://www.dehpg.net/ltcpartnership/StateReciprocity.aspx> or call the Connecticut Partnership at 860-418-6318.

It's important to note that states are permitted to opt in and out of the Reciprocity Compact at any time. A state can opt out of the Reciprocity Compact by giving 60 days notice to the federal government. Consequently, the list of states participating in the Reciprocity Compact may change over time.

Of greatest importance to a Connecticut Partnership policyholder is whether Connecticut has Medicaid Asset Protection reciprocity with their state of residence **at the point the individual applies to that state's Medicaid program**. Because it is possible that the list of participating states may change as states exercise their option to opt in or out of the Reciprocity Compact, it is critical that policyholders and insurance producers alike understand that reciprocity will be granted based on state participation in the Reciprocity Compact **at the time of Medicaid application**.

Since participation in the Reciprocity Compact is optional, we advise that a decision to purchase a Partnership policy should not be made based on reciprocity with other states. **Reciprocity should be viewed as a potential bonus for policyholders that does not add to the cost of their Partnership policy premium.** *The only firm guarantee the State of Connecticut can provide to a Connecticut Partnership policyholder is that Connecticut's Medicaid program will recognize their earned Medicaid Asset Protection.*

For more information for yourself, as well as for your clients, the Partnership has developed a handout on the Reciprocity Compact which includes a Frequently Asked Questions section. The handout can be accessed through the Partnership website at the following link:

[http://www.ct.gov/opm/lib/opm/hhs/ltc/partnership\\_reciprocity\\_compact.pdf](http://www.ct.gov/opm/lib/opm/hhs/ltc/partnership_reciprocity_compact.pdf)

The Deficit Reduction Act (DRA) of 2005 removed restrictions that had been in place since 1993 on new states who wished to develop Partnership for Long-Term Care programs. With these restrictions lifted, the DRA set the stage for Partnerships to expand to new states. To date, 29 new states, have received approval to implement Partnership programs. The new Partnership states are: **Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Maryland, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia and Wisconsin**. This is in addition to the four original Partnership programs in California, Connecticut, Indiana and New York.

One additional state, **Wyoming**, has applied for federal approval and there are several other states who are interested in developing a Partnership program. We will provide updates to you as more states receive federal approval for a Partnership program.

All of the new Partnership states are part of the Reciprocity Compact with the exception of Wisconsin. Wisconsin's state law for the Partnership requires that an individual be a Wisconsin resident when they purchased their Partnership policy in order to receive Medicaid Asset Protection. It's possible Wisconsin may revise their Partnership statute in the future to allow them to join the Reciprocity Compact.

Of the four original Partnership states (CA, CT, IN & NY), Connecticut is the only state to join the Reciprocity Compact. Indiana has indicated it will apply to join. However, California and New York have indicated that, at this time, they do not plan to apply to join the Compact.

The Department of Health and Human Services has contracted for the development of a website where information on new Partnership programs is available. The link to the website is <http://www.dehpg.net/ltcpartnership/>. We suggest you periodically check the website to see what new information has been included.

## **POLICY COMPARISONS REPORT**

As reported in the last edition of the "Quarterly Update", United HealthCare was recently approved as the latest insurance company to join the Partnership. United HealthCare will be releasing their Partnership policy in August 2009. The Partnership's **Policy Comparisons Report** will be revised to include information on United HealthCare's Partnership plan and will be issued in August to coincide with the launch of the United HealthCare plan.

We will notify you when the revised Comparisons Report is available.

## PARTNERSHIP REACHES NEW MILESTONES

In the quarter ending March 31, 2009, Connecticut Partnership sales surpassed the 50,500 level with 50,562 Partnership policies purchased as of 3/31/09. In addition, the number of Partnership applications submitted reached the 62,000 level with 62,214 applications submitted as of 3/31/09.

94 percent of purchasers are under the age of seventy, with 81% under the age of 65. The average age at time of purchase is 58 and the average maximum benefit purchased is \$240,827. In addition, over \$60 million in Medicaid Asset Protection had been earned as of 3/31/09 by Partnership policyholders receiving benefits under their policies. 57 Partnership policyholders have accessed Medicaid after first using their Partnership benefits.

In addition, the Partnership estimates that since its inception in 1992, it has saved the Connecticut Medicaid program **over \$7 million** in long-term care costs.

For additional information on Partnership sales, please visit the Partnership's website at [www.ctpartnership.org](http://www.ctpartnership.org).

## JUST THE FACTS

**Q:** What type of inflation protection is required for LTC insurance products approved by the Partnership?

**A:** The Partnership requires that the daily, weekly or monthly benefits must increase by either 5% compounded annually or by changes in the average private pay rate. Lifetime benefits for persons under age 65 also must increase by 5% compounded annually. Persons age 65 and older may be offered the option to inflate only the daily, weekly and monthly benefits (and not the lifetime benefit). The decision to offer this option for persons age 65 and older rests with the company. Therefore, the option may not be available from all insurance companies participating in the Partnership. Please consult the Partnership's *Policy Comparisons Report* to learn which companies offer this option.

**Q:** Once eligible for Medicaid, are there any restrictions on what Partnership policyholders can do with their protected assets?

**A:** **NO**. As far as CT's Medicaid program is concerned, assets protected through the Partnership do not exist. Therefore, the protected assets can be saved, spent, transferred, donated, etc. In addition, protected assets will NOT be recovered by Medicaid from the policyholder's estate.

The only limitation placed on the policyholder is that the amount of assets protected under the Partnership is fixed based on the amount of benefits paid by the Partnership long-term care insurance policy. This means assets in excess of the amount protected under the Partnership or by other Medicaid allowances will need to be spent down.

Remember, the purpose of the Partnership's Medicaid Asset Protection feature is to give individuals control over their resources and the freedom to choose how to utilize their assets. This feature is provided by the State of Connecticut and does not add any cost to the premium.

**Q:** If an individual has a Partnership policy can they purchase another Partnership policy with a daily benefit below the Partnership's minimum?

**A:** **NO**. Every Partnership policy, even if it is in addition to an existing Partnership policy, must include at least the minimum daily benefit required under the Partnership (*\$184/day for nursing home care and \$92/day for home and community-based care for Partnership policies applied for in 2009*). However, if the policyholder's goal is to increase their benefit levels under their Partnership policy they should inquire with their insurer whether they can just increase the benefits under their existing policy. This way, an amount of benefits less than what would be required under a separate Partnership policy can be added to an existing Partnership policy. This increase in benefits would be less expensive than having to purchase a separate new policy that would have to meet the Partnership minimum benefit.

## USE OF CT PARTNERSHIP LOGO

The Connecticut Partnership logo can only be used by the Partnership office or by a participating insurance company in conjunction with their company logo, after receiving prior approval from the Partnership.

**Insurance agents and agencies are prohibited from using the Partnership logo.** Use of the Partnership logo by an agent or agency will result in a formal written complaint filed by the Partnership office with the Insurance Department.

## INCREASE IN MEDICAID PERSONAL NEEDS ALLOWANCE

Effective July 1, 2009, the Medicaid monthly personal needs allowance was increased to **\$69.00**. This is the amount a Connecticut Medicaid beneficiary who resides in a nursing home can keep each month to cover the cost of personal items such as clothing, toiletries, telephone, cable TV, etc. All other income gets applied to the cost of care, unless additional income is needed for a spouse living at home. Veterans are allowed to keep **\$159.00** in income per month.

## WANTED

Insurance professionals **who have sold more than 10** CT Partnership policies during the six-month period between January 1<sup>st</sup> and June 30<sup>th</sup> 2009. Please e-mail the Partnership office at [david.guttchen@ct.gov](mailto:david.guttchen@ct.gov) and give us your name and the number of policies you sold during the past 6 months. Producers who respond will be recognized in the Fall issue of **Quarterly UPDATE**. As a reminder, we must hear from you if you wish to be recognized in our next Update. **We do not receive agent-specific sales information from the insurers.**

## CT PARTNERSHIP TRAINING CERTIFICATES

The Partnership office has been conducting the required Partnership training sessions since 1994. If you attended a training in 1994 or after and you've misplaced your training certificate, the Partnership office will have a copy of your certificate that we can provide you. Just call us at 860-418-6318 or email at [david.guttchen@ct.gov](mailto:david.guttchen@ct.gov).

If you attended a training conducted before 1994, the Partnership office will not have a copy of your certificate on file. In order to receive a copy of your certificate, you will need to contact Connie Fas at the CT Insurance Department at **860-297-3918** or email at **Constantina.Fas@ct.gov**.

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